

**2002 Third Quarter  
Progress Report  
&  
Task Order No. 821  
Final Report**

July – September 2002



*Privatization Implementation Project*

Implemented by IBM Business Consulting Services  
Funded by USAID

## Table of Contents

<b>1. INTRODUCTION.....</b>	<b>3</b>
<b>2. KEY EVENTS DURING THE REPORTED QUARTER.....</b>	<b>3</b>
2.1. Major macro-economic events affecting privatization .....	3
2.2. Major policy changes and events affecting privatization .....	4
<b>3. STATUS OF TRANSACTIONS.....</b>	<b>5</b>
<b>4. HISTORICAL ACCOMPLISHMENTS AND CHANGES.....</b>	<b>13</b>
4.1. Statement of Work Changes Under Task Order 821 .....	15
4.2. Comparison of Statement of Work Changes .....	15
4.3. Recent changes and Accomplishments .....	16
<b>5. GOALS FOR THE NEXT QUARTER.....</b>	<b>16</b>
<b>ANNEX A .....</b>	<b>17</b>
Progress Toward Benchmarks .....	17
SOW Changes during the Task Order 821 .....	18

## INTRODUCTION

The purpose of this report is to (1) provide an overview of important events and circumstances affecting Egypt's privatization program involving Law 203 companies and Law 159 joint ventures during the past quarter, (2) summarize progress toward privatization as measured by the number and value of transactions, (3) demonstrate changes under Task Order 821 and summarize PIP accomplishments, (4) assess progress through the third quarter of 2002 toward agreed-upon revised benchmarks (Annex A), and (5) set out goals for the fourth quarter of 2002.

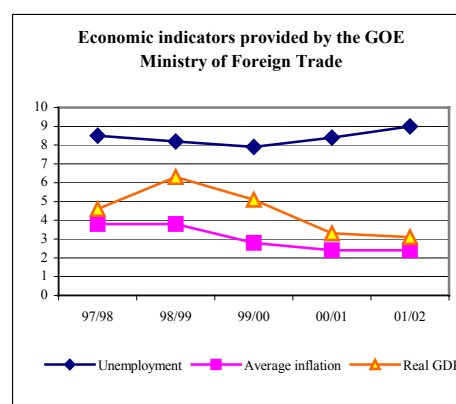
## KEY EVENTS DURING THE REPORTED QUARTER

The Government of Egypt's privatization program experienced a number of macro-economic challenges amid several helpful policy changes during the quarter. Uncertainty associated with political relationships among Middle Eastern nations as well as the UN's more demanding stance toward Iraq have made it more difficult to attract potential investors. Furthermore, the Egyptian economy shows signs of slowing.

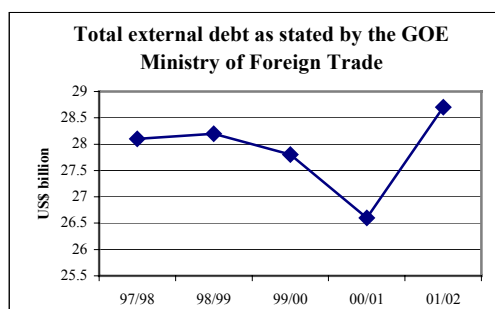
On the other hand, the Government initiated policy changes, which will improve the management and effectiveness of the privatization program. The MPE announced a change toward its management of divesting joint venture companies, and the PEO took significant, positive steps to divest under-performing Law 203 affiliates, which hold promise for improving the sale process for all Law 203 affiliates. The following is a summary of these external and internal factors and their effects on the privatization program.

### 1.1. Major macro-economic events affecting privatization

Regional and global economic conditions continued to affect the pace of privatization in Egypt during the quarter. The situation associated with the Israeli-Palestine conflict and the uncertainty emanating from Iraq's response to UN Resolutions are less than favorable for near-term investment in Egypt. Evidencing this, according to the Central Bank of Egypt foreign direct investment has declined from \$1.6 billion in fiscal year 2000 to only \$428 million during fiscal year 2002 - during which each ensuing quarter was down from the previous quarter. Even more than in earlier recent quarters, the global investment community perceives the Middle East as a less than competitive investment environment.



A currency under pressure (unofficially trading well above official levels), a slower pace of economic activity and concerns about increasing unemployment have also negatively affected the pace of the privatization program. Since the 2001 third-quarter reporting period, the GOE has devalued its currency by 22% and the present difference in the official and unofficial rates is probably in the range of 12-14% according to many estimates. The official unemployment rate has increased to 9% from a low of 7.9% during a two-year period. And total external debt rose from its four-year low in 2001 to US\$ 28.7 billion at the end of fiscal 2002. As of fiscal year-end 2002, total domestic debt has risen to 85.1%, government



domestic debt to 57.1% and National Investment Bank net debt to 17.4%, all related to GDP; all are at recent record highs according to the Ministry of Foreign Trade. These economic indicators show the importance re-invigorating the privatization program in the interests of progressing economic reform.

## 1.2. Major policy changes and events affecting privatization

During the quarter, the GOE passed two beneficial decrees, one of which shifts the responsibility from the Ministry of Foreign Trade to the Ministry of Public Enterprise to manage the divestiture of the GOE's interests in joint ventures (JVs) in which Law 203 affiliates have ownership interests; the other appointed the Public Enterprise Office Director as Chairman of the Divestiture Committee, which is responsible for divesting (including pricing) public sector shares in JVs. This change in the management of divestiture of JVs, along with the initiatives (described below) relating to loss-making and marginally profitable companies, as well as improved policies toward valuations should facilitate the divestiture of public sector shares in JVs and Law 203 companies.

The relationship between the PEO and PIP continued to improve during the third quarter with the PEO gaining confidence in PIP's ability to provide targeted and straightforward advice on a number of issues. PIP participated in discussions with the PEO relating to the initiatives described below, and contributed toward redirecting the MPE's privatization program as outlined in the goals for the next quarter.

- Re-capitalization of loss-making and marginally profitable companies. To gain GOE support for this concept and others, the PEO hosted a meeting at the North Coast during July 2002 attended by the Chairman of the Stock Exchange, the Minister of Public Enterprise, the Minister of Planning, the Deputy Chairman of the State Council, all of the Chairmen of the Law 203 Holding Companies (except the pharmaceutical holding company), and representatives of the accounting profession, investment promoters, and PIP. Views were exchanged on alternatives for dealing with loss-making and marginally profitable companies, including the re-capitalization concept.

- At the request of the MPE, the Cabinet approved spending LE 2 million to pay retainer fees to investment promoters who represent and promote selected loss-making and marginally profitable companies. Properly employing these funds with investment promoters should contribute to enhancing support in the investment community for the privatization program, as well as advancing the sale of the selected companies.
- Valuations should be determined based on a minimum reasonable market value rather than an expected sale price. PIP prepared two valuations where the owners accepted the results as being a reasonable estimate of the property's minimum market value: The Red Sea Governate accepted the valuation prepared for the Shedwan Beach Resort<sup>1</sup>; and the Helnan Shepherd Hotel valuation was accepted by the Egyptian General Company for Tourism and Hotels. The success of these achievements was not based on explaining the legitimacy of the mechanics or components of the valuation; rather PIP demonstrated how a variety of approaches could be used to arrive at a value that would be considered by a seller as a reasonable minimum market value. These valuation reports were presented to committees in a non-confrontational manner, and in the latter example, a PIP representative had an opportunity to advocate the valuation approach with the Ministerial Valuation Committee.<sup>2</sup>

## STATUS OF TRANSACTIONS

During the third quarter of 2002, PIP continued to assist the Ministry of Public Enterprise (MPE) and the Ministry of Foreign Trade (MOFT) to prepare and promote a select number of companies for privatization. The majority of this technical advisory assistance was provided directly to the Public Enterprise Office (PEO).

The project provided transaction support<sup>3</sup> to thirty-two companies during the quarter, as agreed with USAID under a modified scope of work. Although there was less than desired success in completing transactions, over the six month period efforts resulted in transactions that totaled nearly LE2 billion, and the GOE developed and implemented beneficial initiatives, as noted above. These initiatives can play a major role in revitalizing the image and progress of the privatization program.

Transaction support during reporting period		
Offers and tenders	...	5
Investor interest	...	5
Due diligence	...	5

The progress toward PIP's benchmark is summarized in [figure 1](#), which lists transaction support for Law 203 and JV privatization activity as measured by the number of tenders and offers, investor interest, and investor due diligence, as well as the number of completed transactions and ESAs.

<sup>1</sup> Committee decided to delay promoting the property due to the cost of seven-year remaining lease. PIP is following up with the PEO and Red Sea Governate.

<sup>2</sup> An offer received during a recent tender announcement is being reviewed and the floor price is based on PIP's valuation.

<sup>3</sup> Transaction support includes marketing and promotional assistance, advertising, international road shows, valuation assistance, data rooms, company profiles, information memoranda, prospectus, legal and bid documents.

There were two tender announcements on the behalf of companies assigned to PIP during the quarter in question. The tender for the Helnan Shepherd Hotel opened Jul-20-2002 and closed Sep-25-2002. One bid was received and is currently being reviewed. The second tender was for the remaining two production lines of Al Nasr Glass & Crystal. The tender opened Sep-1-2002 and closed Oct-15-2002.

### Figure 1: Status of Transactions

#### Portfolio (August 2000 – September 2002)

Reference		Company Name	HC / GOE Rep		Investor interest	Officially tendered	Investor due diligence	Offers received	ESA	Completed privatizations
Revised	1	Abou Zabaal Fertilizers	Chemicals	Law 203	Y	Y	Y	Y		Y
Revised	2	Al Fayoum for National Food Security**	Banque du Caire	JV	Y	Y	Y			
Revised	3	Al Nasr Electrical Apparatus (NEEASAE)	Engineering	Law 203	Y					
Revised	4	Al Nasr Glass & Crystal	Metallurgy	Law 203	Y	Y	Y	Y		Y
Revised	5	Alexandria Cooling	Trade	Law 203	Y	Y	Y	Y		Y
Revised	6	Arab Co. for Tourism & Hotel Invest (Semiramis)	EGOTH	JV	Y		Y	Y		
Revised	7	Arab Textiles Trading Company**	Trade	Law 203	Y	Y	Y	Y	Y	Y
Revised	8	Cairo Far East Bank	Banque du Caire	JV	Y		Y			
Revised	9	Cairo Metallurgical Products Company**	Engineering	Law 203	Y	Y	Y	Y		*
Revised	10	Delta Fertilizers	Chemicals	Law 203	Y	Y	Y	Y		
Revised	11	Delta Spinning and Weaving	Textile Industries	Law 203						
Revised	12	Egyptian Glass Company	National Bank of Egypt	JV	Y	Y	Y	Y		Y
Revised	13	Gharbeya Rice Mills	Food	Law 203	Y	Y	Y	Y	Y	Y
Revised	14	Helnan Shepherd Hotel	Tourism	Law 203	Y	Y	Y	Y		
Revised	15	Helwan Portland Cement	Metallurgy	Law 203	Y	Y	Y	Y		Y
Revised	16	Ismailia Misr Cooling and Storage Company	Banque Misr	JV	Y	Y	Y	Y		
Revised	17	Kuwaiti Egyptian Investment Company	National Investment Bank	JV	Y					
Revised	18	Misr Ameraya Spinning & Weaving	Banque Misr	JV	Y	Y	Y	Y		Y
Revised	19	Misr America International Bank	Banque du Caire	JV	Y					
Revised	20	Misr Aswan Company for Fishing and Fish Production	Bank of Alexandria	JV	Y			Y		
Revised	21	Misr Clay Brick Company	Ministry of Housing	JV	Y		Y			
Revised	22	Misr Dairy Products	Food	Law 203						
Revised	23	Misr Export & Import	Trade	Law 203	Y	Y	Y	Y	Y	Y
Revised	24	Misr Hotels	Tourism	Law 203	Y	Y	Y	Y		
Revised	25	Misr Iran Spinning & Weaving ("Miratex")	Textile Industries	JV	Y					
Revised	26	Misr Real Estate Investment and Tourism	Misr Insurance	Law 203						
Revised	27	National Co. - Hotels & Tourism (100% Cairo Sheraton, 10% Conrad) - Kawmeya	EGOTH	JV	Y	Y	Y	Y		
Revised	28	National Housing for Professional Syndicates (Meridian Heliopolis)	Banque Misr	JV	Y					
Revised	29	Omar Effendi	Trade	Law 203	Y	Y	Y	Y		
Revised	30	SABI (Precision Industries)**	Engineering	Law 203	Y	Y	Y	Y		
Revised	31	Sinai Manganese**	Chemicals	Law 203	Y					
Revised	32	United Textiles Trading Company**	Trade	Law 203	Y	Y	Y	Y	Y	Y

Reference		Company Name	HC / GOE Rep		Investor interest	Officially tendered	Investor due diligence	Offers received	ESA	Completed privatizations
Original	33	Al Ahram Food Outlets	Food Industry	Law 203	Y		Y			
Original	34	Al Nasr Export-Import Company	Trade	Law 203					Y	
Original	35	Al Nasr Fertilizers Company	Chemical Industries	Law 203	Y					
Original	36	Al Nasr Forging	Engineering HC	Law 203						
Original	37	Al Nasr Rubber Products – Narubin	Engineering HC	Law 203						
Original	38	Al Nasr Steel Pipes	Metallurgical	Law 203	Y	Y	Y	Y		
Original	39	Al Shams Housing and Development	Construction HC	Law 203						
Original	40	Alex Shipyard	Maritime & Transport	Law 203						
Original	41	Alexandria Food Outlets	Food Industry	Law 203	Y		Y			
Original	42	Arab Co. for Foundation (VIBRO)	Construction	Law 203					Y	
Original	43	Arabia Co. for Contracting	Construction	Law 203					Y	
Original	44	Cairo Aswan Poultry & Eggs Production	Bank du Caire	JV						
Original	45	Canal Shipping Agencies	Maritime	Law 203					Y	
Original	46	Commerce & Development Bank – Tegaryoun	National Investment Bank	JV						
Original	47	Damietta Container Handling	Maritime	Law 203	Y					
Original	47	Port Said Container Handling Co.	Maritime	Law 203	Y					
Original	48	Damietta Spining & Weaving	Spinning& Weaving	Law 203						
Original	49	EDFINA	Food Industry	Law 203	Y					
Original	50	Egyptian Car Services & Maintenance	Engineering HC	Law 203						
Original	51	Egyptian International Company for Gas Technology	Misr Insurance Co.	JV	Y					
Original	52	Egyptian Navigation	Maritime	Law 203	Y					
Original	53	Egyptian Salt and Minerals Company	National Bank of Egypt	Law 203						
Original	54	Egyptian Services and Maintenance Company "MisriYat"	Al Nasr For Car Industries Company	JV						
Original	55	El Seouf Spinning & Weaving	Spinning& Weaving	Law 203						
Original	56	El Sharkeya Spinning and Weaving	Spinning& Weaving	Law 203						
Original	57	Fontana Tourism Development Company	National Bank of Egypt	Law 203						
Original	58	General Warehouses	Maritime	Law 203					Y	
Original	59	Hassan Allam Contracting Company	Construction HC	Law 203						
Original	60	Helnan Dahab	Housing Tourism & Cinema	Law 203	Y					
Original	61	Islamic International Bank for Investment & Development	National Bank of Egypt	JV						
Original	62	Mercure Romance	Housing Tourism & Cinema	Law 203						
Original	63	Misr Aswan Tourism	Egypt Air	JV	Y					
Original	64	Misr for Auto Trade	Trade	Law 203						
Original	65	Misr Sinai Travel	Misr Insurance Co.	JV						
Original	66	Mokhtar Ibrahim	Construction	Law 203						
Original	67	National Company for Corn Production	Bank Misr	JV	Y					
Original	68	Nile Food Outlets	Food Industry	Law 203	Y		Y			
Original	69	Novotel Hotel	Housing Tourism & Cinema	Law 203	Y					
Original	70	Oberoï Arish	Housing Tourism & Cinema	Law 203	Y					
Original	71	October Development and Real Estate Investment Company	National Insurance Co.	Law 203	Y					
Original	72	Port Said National Company for Food Security	Banque De Caire	JV						
Original	73	Red Sea Contracting	Construction HC	Law 203						

Reference		Company Name	HC / GOE Rep		Investor interest	Officially tendered	Investor due diligence	Offers received	ESA	Completed privatizations
Original	74	Rowad Tourism	El-Shark Insurance Co.	JV						
Original	75	Sharkeya Garment Company	Spinning & Weaving	Law 203						
Original	76	STIA Spinning & Weaving Co	Spinning & Weaving	Law 203	Y					
Original	77	The Floating Hotels	Housing Tourism & Cinema	Law 203						
Original	78	The Saudi Egyptian Investment Company	National Bank of Egypt	JV						
Revised-2		Shedwan Village Red Sea Resort	Red Sea Governate	Project						
Revised-2		Abu Tartur Phosphate Project		Project						
Revised-2		Alexandria Refractory	Metallurgical	Law 203						
Revised-2		Arab Co. for Gelatin & Pharmaceutical Products		JV						
Revised-2		Arab Co. for Pharmaceutical Glass		JV						
Revised-2		Arab Co. for Pharmaceutical Packaging		JV						
Revised-2		National Real Estate Investment Co.		JV						
Revised-2		Safa Group for Real Estate Development		JV						
		August 2000 to November 2001	Original		17	1	4	1	5	0
		December 2001 to June 2002	Revised		29	19	22	20	4	11
		July 2002 to September 2002	Revised-2		0	0	0	0	0	0
			<b>Total</b>		<b>46</b>	<b>20</b>	<b>26</b>	<b>21</b>	<b>9</b>	<b>11</b>
		Number of companies by type	JV	29						
			Law 203	56						
			Project	2						
			<b>Total</b>	<b>87</b>						

\* Minority privatization – Shobra Amrmenian Factory

\*\*Added to the original list of 29 as replenishment for early privatizations

### Figure 2: Status of Companies from Project Inception to Date

The following table provides a descriptive status of transactions within the revised and original portfolio of companies. The list is sorted alphabetical by company name and referenced to figure 1 within the second column.

Reference		Company Name	Activity from	Activity to	Months with activity	Status
Revised	1	Abou Zabaal Fertilizers	Oct-00	Oct-01	13	On October 28, 2001, the General Assembly of the Chemicals Holding Company approved a 3-year lease with mandatory purchase (with deferred payments) at the end of the lease for the Company. The MC approved the deal on November 29, 2001. PIP prepared marketing brochures, a sector study and an information memorandum to assist the Chemicals HC market and promote the company.
Revised-2		Abu Tartur Phosphate Project	Jul-02	Sep-02	3	PIP prepared a fact sheet and reviewed and edited/updated an information memo. The project is affiliated with the Ministry of Industry.
Original	33	Al Ahram Food Outlets				
Revised	2	Al Fayoum for National Food Security**	Jan-02	Jun-02	6	Tendered announced on 10/10/2002. None of the interested investors withdrew the BD. PIP followed up with the Governate of Al Fayoum to resolve problems, and prepared the valuation and



Reference		Company Name	Activity from	Activity to	Months with activity	Status
						the info memo.
Revised	3	Al Nasr Electrical Apparatus (NEEASAE)	Jan-01	Sep-02	21	The company is currently offered for privatisation through re-capitalization. The EU published a call for expressions of interest for the company in early 2002. PIP conducted an extensive market outreach, which did not result in any serious interest. Another market outreach is to seek new investors for the new capitalization strategy. Previously, PIP prepared a detailed diagnostic and company profile for this Company.
Original	34	Al Nasr Export-Import Company				
Original	35	Al Nasr Fertilizers Company	Oct-00	Mar-01	6	PIP prepared a sector study and company profile, and assisted with promotion.
Original	36	Al Nasr Forging	Oct-00	Mar-01	6	PIP provided a diagnostic review, recommendations to HC, and procedures for the selection of turnaround firms under management contract or leasing.
Revised	4	Al Nasr Glass & Crystal	Oct-00	Mar-02	18	The MC approved the sale of the company including its ampoules production line (but excluding two other production lines) to local anchor investors. The two other lines were re-tendered in the third quarter of 2002. PIP assisted the Metallurgy Holding Company to prepare the valuation, company profile, info memo, bidding documents and commercial ad for this glass and ampoule manufacturer.
Original	37	Al Nasr Rubber Products – Narubin	Jan-01	Mar-01	3	PIP identified one international party interested in the industrial pressed rubber products company.
Original	38	Al Nasr Steel Pipes	Apr-01	Jun-01	3	PIP assisted the Metallurgy Holding Company prepare an information memorandum. PIP assisted in negotiations with an investor but no pricing agreement was reached. A pre-diagnostic report was recently prepared to recommend feasibility of privatization through capitalization. The company was then removed from PIP portfolio.
Original	39	Al Shams Housing and Development				
Original	40	Alex Shipyard	Oct-00	Mar-01	6	PIP provided a diagnostic review, preliminary diagnostic and pro forma financial statements, and procedures for the selection of turnaround firms under management contract or leasing.
Revised	5	Alexandria Cooling	Apr-01	Jun-02	15	The Trade Holding Company has finally decided to liquidate the company. On August 13, 2002 the extraordinary General Assembly approved the liquidation and assigned a liquidator for this purpose.
Original	41	Alexandria Food Outlets				
Revised-2		Alexandria Refractory	Jul-02	Sep-02	3	The HC for Metallurgical Industries has requested a valuation for the company. PIP prepared a diagnostic report, due diligence, company profile, and a valuation and info memo are being prepared.
Original	42	Arab Co. for Foundation (VIBRO)				
Revised-2		Arab Co. for Gelatin & Pharmaceutical Products	Jul-02	Sep-02	3	Pre-diagnostic report prepared.
Revised-2		Arab Co. for Pharmaceutical Glass	Jul-02	Sep-02	3	Assigned from the Ministry of Trade. PIP prepared a diagnostic report.
Revised-2		Arab Co. for Pharmaceutical Packaging	Jul-02	Sep-02	3	Assigned from the Ministry of Trade. PIP prepared a diagnostic report.
Revised	6	Arab Co. for Tourism & Hotel Invest (Semiramis)	Apr-01	Jun-02	15	The majority owner made an offer for the minority shares held by the Housing, Tourism and Cinema Holding Company. PIP prepared a market study and a valuation for this company, which owns a minority stake in the Semiramis Intercontinental Hotel but no pricing agreement was reached.
Revised	7	Arab Textiles Trading Company**	Jan-02	Mar-02	3	The MC approved the sale of 98% of the company to an ESA.
Original	43	Arabia Co. for				

Reference		Company Name	Activity from	Activity to	Months with activity	Status
		Contracting				
Original	44	Cairo Aswan Poultry & Eggs Production	Apr-01	Jun-01	3	Assigned to the project but needs restructuring.
Revised	8	Cairo Far East Bank	Oct-00	Jun-02	21	The HC is currently negotiating a deal with two bidders who are currently closely studying the bank. PIP is following up with these investors to provide them with more information and close the deal. PIP finalized the valuation of the bank and presented it to Bank du Caire and has updated the info memo. Bdc currently has a one-year agreement from the Korean shareholders to negotiate the sale of the bank on their behalf; this agreement should run through the first quarter of 2003. PIP has also provided marketing and investor outreach assistance to the Bdc for the sale of this bank.
Revised	9	Cairo Metallurgical Products Company**	Jan-01	May-02	17	The company's General Assembly is scheduled to meet on May 15 to approve the sale of the company's cast iron pipe factory.
Original	45	Canal Shipping Agencies				
Original	46	Commerce & Development Bank – Tegaryoun	Oct-00	Jun-01	9	PIP reviewed a valuation of the bank.
Original	47	Damietta Container Handling	Oct-00	Jun-01	9	PIP held several meetings with three European strategic investors and has completed diagnostic reviews and company profiles for two of the container companies (Damietta and Port Said). However, there was no GOE agreed policy among Maritime HC, Port Authorities, and Transport Ministry as to how to privatize.
Original	48	Damietta Spining & Weaving	Jan-01	Mar-01	3	PIP prepared a preliminary diagnostic report and promoted for the company. PIP has identified interest in the company.
Revised	10	Delta Fertilizers	Oct-00	Jun-02	21	The Chemicals Holding Company rejected two offers received for the sale of the company.
Revised	11	Delta Spinning and Weaving	Jan-01	Jun-02	18	PIP is exploring the feasibility of a management contract with option to buy. Both the Ministry of Public Enterprise and Delta's management team are in favour of pursuing such an option. Delta's management would like to put together a bid. In another development, a consortium including Werner and Perla Group have been discussing the possibility of leasing 6-7 spinning and weaving companies from the HC, and have identified Delta, as 1 of these 6-7. According to the HC, this consortium will do a feasibility analysis in September/October to determine whether or not to pursue. It appears that the HC may consider a lease (as part of the comprehensive Werner/Perla overture) for Delta rather than a management contract.
Original	49	EDFINA	Jun-02	Jun-02	1	A pre-diagnostic report was prepared by PIP.
Original	50	Egyptian Car Services & Maintenance	Apr-01	Jun-01	3	Assigned to the project but needs restructuring.
Revised	12	Egyptian Glass Company	Apr-01	Jun-02	15	On March 1, 2002, the National Bank of Egypt (NBE) announced a tender for the Egyptian Glass Company. The tender was conducted publicly using the "open tender" procedures established by the Capital Markets Authority. The winning bid, which PIP had introduced to the deal through its shareholder, Khoraffi Group of Kuwait (KGK) offered LE 176 per share. At this price the government's portion of the purchase price was approximately LE 308 million. The deal was executed on Jun-10-2002. PIP assisted by completing the valuation, preparing marketing materials, assembling a data room, and conducting investor outreach activities for the promotion and sale of Egypt's only float glass manufacturer
Original	51	Egyptian International Company for Gas Technology				
Original	52	Egyptian Navigation				
Original	53	Egyptian Salt and Minerals Company	Apr-01	Jun-01	3	Company management uncooperative, unwilling to initiate privatization process.
Original	54	Egyptian Services and Maintenance Company				

Reference		Company Name	Activity from	Activity to	Months with activity	Status
		"MisriYat"				
Original	55	El Seouf Spinning & Weaving	Jan-01	Mar-01	3	PIP prepared a preliminary diagnostic report and assisted with promotion. PIP identified investor interest in the company.
Original	56	El Sharkeya Spinning and Weaving				
Original	57	Fontana Tourism Development Company	Apr-01	Jun-01	3	Assigned to the project but needs restructuring.
Original	58	General Warehouses				
Revised	13	Gharbeya Rice Mills	Apr-01	Oct-01	7	The Food Holding Company successfully negotiated the company's sale to the Employee Shareholders Association. The HC General Assembly and the Ministerial Committee both approved the transaction.
Original	59	Hassan Allam Contracting Company	Oct-00	Dec-00	3	PIP provided a diagnostic review, recommendations to HC, and procedures for the selection of turnaround firms under management contract or leasing.
Original	60	Helnan Dahab				
Revised	14	Helnan Shepherd Hotel	Oct-00	Jun-02	21	At the recent request of the HC, PIP prepared tender documents and a translation of the information memorandum to English. The Hotel was tendered in September 2002, 19 parties requested documents but only one bid was received. PIP continues to advise the HC and EGOH on the marketing, promotion, and sale of this prominent hotel asset.
Revised	15	Helwan Portland Cement	Apr-01	Sep-01	6	On September 10, 2001, the Metallurgy Holding Company sold its remaining stake (47%) in Helwan Cement to the Arab Swiss Engineering Company (ASEC) for LE 613 Million. ASEC also purchased 11.75 million shares valued at LE 648 million from the stock market in its acquisition of a total of 97.4% of the shares. PIP assisted the Metallurgy HC with valuation assistance, investor outreach, and promotion for this cement company, one of Egypt's only producers of white cement.
Original	61	Islamic International Bank for Investment & Development	Oct-00	Jun-01	9	Bank management was not willing to release FY2000 financials to PIP staff, perhaps due to the poor financial condition these statements would reveal.
Revised	16	Ismailia Misr Cooling and Storage Company	Jan-02	Jun-02	6	On February 6, 2002, Banque Misr announced a tender for the sale of 70% of Ismailia Misr Cooling and Storage Company to an anchor investor. Two investors expressed interest in the company but no bids were submitted. It is unlikely that a new deal could be done by year-end.
Revised	17	Kuwaiti Egyptian Investment Company	Apr-01	Jun-02	15	The Kuwaiti shareholders who own 50% of the shares are interested in purchasing the GOE's 50% of shares. PIP prepared and updated a valuation that was reviewed and approved by the National Investment Bank. It appears that the chairman of the company opposes the sale, which could delay the transaction.
Original	62	Mercure Romance				
Revised	18	Misr Ameraya Spinning & Weaving	Jan-02	Mar-02	3	The MC approved the lease of the company's assets for a period of twenty years with an option to buy during the first five years of the lease term.
Revised	19	Misr America International Bank	Oct-00	Jun-02	21	As a result of the PIP visit to the Gulf, a Kuwaiti institution renewed its interest in acquiring MAIB. This investor was provided with additional information on the bank. PIP provided a valuation, information memorandum, marketing, and investor outreach assistance to the Bank du Caire for the sale of this bank, which was previously tendered without success.
Revised	20	Misr Aswan Company for Fishing and Fish Production	Jan-02	Jun-02	6	The representative, Alex bank has not tendered the company. PIP prepared the valuation, company profile, and info memo as well as assist with promotion.
Original	63	Misr Aswan Tourism				
Revised	21	Misr Clay Brick Company	Apr-01	Sep-02	18	PIP is providing a breakeven analysis to the Ministry of Construction to demonstrate the operational condition of the company – initial valuation report showed that liquidation would provide the highest proceeds. This analysis was initiated based on an updated valuation report on financial results ending July 2002. PIP also assisted the Ministry of Housing with preparing

Reference		Company Name	Activity from	Activity to	Months with activity	Status
						marketing materials for the largest brick manufacturer in the Middle East.
Revised	22	Misr Dairy Products	Jan-02	Jun-02	6	Based on operating performance and forecasted negative cash flows, PIP recommended to the HC to prepare an asset appraisal valuation. PIP prepared an info memo and met with the HC to discuss a sales strategy and marketing plan. PIP contacted 12 dairy industry companies to assess their degree of interest in the company of which none of these potential investors expressed interest in acquiring any of the assets of the company, due to the obsolescence of the technology. At best, the company may be able to sell its brand name.
Revised	23	Misr Export & Import	Apr-01	Aug-01	5	On August 15, 2001, the Trade Holding Company concluded negotiations and signed an agreement for the sale of the company to an ESA. The HC General Assembly approved the transaction.
Original	64	Misr for Auto Trade				
Revised	24	Misr Hotels	Apr-01	Jun-02	15	International investors have made offers for this hotel company, which owns the Nile Hilton and the Hilton Dahab. Reports indicate that this transaction is being delayed due to continued adjudication of a disputed tax liability, and the inability of the government entities to resolve the issues among themselves. PIP assisted the HC to market an investor for this landmark hotel company comprising the Nile Hilton and Hilton Dahab. PIP has also encouraged one investor interested only in Nile Hilton to make an indicative offer to the HC to generate consideration for breaking up Misr Hotels for sale purposes.
Revised	25	Misr Iran Spinning & Weaving ("Miratex")	Jan-02	Jun-02	6	Both the Egyptian and Iranian shareholders are willing to sell their shares. PIP is updating the valuation and information memorandum. PIP has prepared the company's fact sheet, diagnostic report, company profile, info memo, valuation report, and part of the data room.
Revised	26	Misr Real Estate Investment and Tourism	Jan-02	Jun-02	6	A lawsuit over land title is complicating and delaying the sale of this investment company.
Original	65	Misr Sinai Travel				
Original	66	Mokhtar Ibrahim				
Revised	27	National Co. - Hotels & Tourism (100% Cairo Sheraton, 10% Conrad) - Kawmeya	Apr-01	Jun-02	15	A pricing difference between the majority investor and the Housing, Tourism and Cinema Holding Company is delaying this transaction. At the request of EGOH, PIP prepared a market study and a valuation.
Original	67	National Company for Corn Production	Apr-01	Jun-01	3	Attractive plant and equipment, monopoly producer of corn syrup. But company is heavily indebted and current financial condition is not viable. State banks are financing company's new production subsidiary instead of restructuring/writing off debt for sale of company.
Revised	28	National Housing for Professional Syndicates (Meridian Heliopolis)	Apr-01	Jun-02	15	The shareholder representative, Bank Misr is prepared to tender but the transaction is complicated by a management contract with Meridien Hotels, which has been extended for another 10 years. The asset is readily saleable without the encumbrance of the Meridien management contract, but less so with it. PIP completed the valuation and presented Bank Misr with transaction recommendations.
Revised-2		National Real Estate Investment Co.	Jul-02	Sep-02	3	Pre-diagnostic report prepared.
Original	68	Nile Food Outlets	Apr-01	Jun-01	3	The HC was only interested in offering closed outlets, although many of the open outlets are of interest to foreign investors. PIP completed site visits and diagnostics for several closed outlet shops that are currently being offered for sale by the Food HC.
Original	69	Novotel Hotel				
Original	70	Oberoi Arish				

Reference		Company Name	Activity from	Activity to	Months with activity	Status
Original	71	October Development and Real Estate Investment Company	May-02	Jun-02	2	PIP prepared a company profile and a valuation based on year 2001 figures. The company was removed from the PIP revised portfolio due to the low probability of the company being sold.
Revised	29	Omar Effendi	Oct-00	Jun-02	21	The company was offered for management contract. Although numerous investors indicated an interest in purchasing this Egyptian brand name company, various issues including price have prevented the sale. PIP prepared the info memo and assisted the Trade Holding Company, together with CIIC, with marketing and investor outreach activities to promote the sale of this national retail chain.
Original	47	Port Said Container Handling Co.	Oct-00	Jun-01	9	PIP held several meetings with three European strategic investors and has completed diagnostic reviews and company profiles for two of the container companies (Damietta and Port Said). However, there was no GOE agreed policy among Maritime HC, Port Authorities, and Transport Ministry as to how to privatize.
Original	72	Port Said National Company for Food Security	Apr-01	Jun-01	3	Assigned to the project but needs restructuring – ot viable going-concern. Company's revenues are mainly from leasing of facilities to third parties.
Original	73	Red Sea Contracting	Oct-00	Jun-01	9	PIP prepared a company profile and information memorandum, which was offered for sale by the Construction Holding Company. PIP assisted with discussions between the HC and a potential bidder but no pricing agreement was reached.
Original	74	Rowad Tourism				
Revised	30	SABI (Precision Industries)**	Jan-01	Jun-02	18	A question posed during the April MC meeting is to be resolved. During the Nov-2002 meeting, the MC again rejected the proposed to offer SABI Mostorod property of land and production facility.
Revised-2		Safa Group for Real Estate Development	Jul-02	Sep-02	3	Pre-diagnostic report prepared.
Original	75	Sharkeya Garment Company	Apr-01	Jun-01	3	Assigned to the project but needs restructuring.
Revised-2		Shedwan Village Red Sea Resort	Jun-02	Jun-02	1	PIP prepared a valuation as well as provided tender documents in Arabic and English for investment promoters.
Revised	31	Sinai Manganese**	Jan-02	Jun-02	6	The Chemical Holding Company has decided to liquidate and the General Assembly needs to approve the transaction. An investor has expressed an interest in purchasing one of the assets. PIP expects the liquidation decision to be made before year-end 2002.
Original	76	STIA Spinning & Weaving Co	Jan-01	Mar-01	3	PIP prepared a preliminary diagnostic report and assisted with its promotion. PIP has identified interest in the company.
Original	77	The Floating Hotels	Apr-01	Jun-01	3	Assigned to the project but market not conclusive to selling.
Original	78	The Saudi Egyptian Investment Company				
Revised	32	United Textiles Trading Company**	Jan-02	Mar-02	3	The Ministerial Committee (MC) approved the sale of 98% to an Employee Shareholder Association (ESA).
Minimum – months of activity					1	
Maximum – months of activity					21	

## HISTORICAL ACCOMPLISHMENTS AND CHANGES

Since commencing the Privatization Implementation Project in August 2000, PIP has achieved remarkable progress maintaining the momentum of the program in terms of advising the GOE on privatization best practices. Project success should not only be measured by the number of completed transactions but should comprise of other indicators of support provided

Transaction support – historical	
Value of Privatizations*	LE 1,958 / US 460
Completed Privatizations	... 10
Investor Interest	... 29
Officially Tendered	... 19
Investor Due Diligence	... 22
Offers Received	... 20
ESA	... 4
* Millions	

to the GOE to include the number of information memoranda, company profiles, diagnostic reports, valuation reports, training and capacity building, marketing and investor outreach, policy memoranda, and sector studies. Although these documents (and events) are not concrete evidence of how the project has impacted the economy, they serve as a sign of the GOE's willingness to progress the privatization program, and the value to the GOE of the technical advice funded by the USAID. In commercial terms, the cost of the assistance has been reasonable compared with the sales value of privatization transactions closed.

The following is a historical summary of the achievements for the period August 1, 2000 to September 30, 2002 by transaction support and deliverable type. Refer to [figure 1](#) for details on transaction support, and to [figure 3](#) for details on the number of deliverables produced during the current and previous reporting periods.

**Figure 3: Deliverables**

	Current period	Previous periods
Information Memoranda	2	15
Company Profiles	1	50
Diagnostic Reports	6	65
Valuation Reports	2	25
Training and Capacity Building	0	27
Marketing and Investor Outreach	1	57
Policy Memoranda	0	35
Sector Studies	0	4

**Figure 4: Types of Deliverables**

No	Type of Deliverable	Title	Date
1	<b>Company Profile</b>	Misr Clay Bricks Co.	July 2002
2	<b>Info Memo</b>	Shepherd Hotel	July 2002
3		NEEASAE – IM data list	August 2002
4	<b>Diagnostic Reports &amp; Analyses</b>	Al Nasr Steel Pipes	September 2002
5		National Real Estate Investment Co.	September 2002
6		Safa Group for Real Estate Development	September 2002
7		Arab Co. for Gelatin & Pharmaceutical Products	September 2002
8		Arab Co. for Pharmaceutical Glass	September 2002
9		Arab Co. for Pharmaceutical Packaging	September 2002

No	Type of Deliverable	Title	Date
10	<b>Valuation Reports</b>	Arab Co. for Tourism and Hotel Inv. (Semiramis) - Translation	July 2002
11		Shedwan	August 2002
12		Shepherd Valuation report – Arabic and English	August 2002
13	<b>Marketing &amp; Investor Outreach</b>	NEEASAE	August 2002
14	<b>Others</b>	Preliminary Findings	July 2002
15		Textiles US Imports Analysis	July 2002
16		Workplace Overview (portfolio companies)	September 2002
17		NEEASAE Capitalization Model – First Draft	September 2002

### 1.3. Statement of Work Changes Under Task Order 821

The project has experienced a number of changes with Task Order 821 to include a reduction in the scope of work and budget, a change in project field office management, and working with an uncertainty as to whether the project would terminate or would be extended. These somewhat dramatic and project-altering events necessitated a realignment of the project's objectives towards the type and level of technical advice being provided to the GOE. Although two of the three events were imposed by USAID, the uncertainty was resulted from a lack of tangible progress in privatization.

Perhaps as a result of USAID's efforts, there was substantial progress made during the period December 2001 to June 2002. For example, during the twelve-month period preceding the project's scope of work (and budget) reduction, the GOE did not complete any transactions even after receiving substantial technical support. Immediately following the SOW change which included USAID's benchmark for transactions, eleven transactions (directly associated with PIP's support) were completed from December 2001 to June 2002. This positive momentum has provided a basis for the GOE to continue its efforts; consequently USAID and the GOE agreed to realign the SOW as a result of these new efforts. PIP's technical support for privatization is being continued at least through March 31, 2003.

### 1.4. Comparison of Statement of Work Changes

From December 2001 to September 2002, PIP provided transaction support to a select number of companies that had been approved in advance by USAID based on criteria developed by USAID, PEO, and PIP. This revised SOW and defined list was intended to focus scarce resources (due to the recent budget reduction) on requests to work on transactions with a good probability of success.



This change reflected a significant change in the SOW since the project's inception (August 2000) when the SOW was more broadly defined and directed toward general transaction support, training counterparts in privatization practices, public awareness and relations, and overall process/pipeline management. Refer to Table 1 (Annex A) for a detailed comparison of the SOW and Table 2 (Annex A) for a comparison of the relative benchmark changes during the periods applicable to Task Order 821.

### **1.5. Recent changes and Accomplishments**

In response to the needs of the GOE and in conjunction with USAID, PIP took steps to realign the technical support being provided, e.g., transaction support, to the GOE in anticipation of providing advice that would deliver a greater impact on the privatization program. These actionable steps include: focusing on specific transaction support for transactions with a higher probability of success (which resulted in a staff reduction); the translation and electronic dissemination of press articles previously performed by another contractor; and the development of a website to house privatization reports and other relative information made available to a greater number of people.

In addition to these internal project changes, PIP continued to develop an open relationship with the PEO with the intent of forging a mutual understanding and need to develop a comprehensive approach to revive the privatization program, e.g., finding a solution for dealing with problem companies. This approach has proven to be key to PIP's ability to gain access to the GOE and working with the PEO to influence change while enabling the GOE to have mutual benefit and use USAID resources more effectively.

### **GOALS FOR THE NEXT QUARTER**

During the next quarter (4<sup>th</sup> quarter 2002), the PEO and PIP set ambitious goals for assisting the GOE in:

- Divesting its interests in loss-making and low profit companies, in addition to other selected companies.
- Finding a solution to attract and retain investment promoters, and
- Building public awareness toward the positive attributes of the privatization program, and accomplishing greater investor outreach.

PIP is dedicated to working with the PEO to develop alternative solutions to the cash drain of loss-making companies as well as marginally profitable companies in the GOE's portfolio. Continuing this open relationship with the PEO will be facilitated by recent changes in the new USAID task order 845. The new task order gives PIP direction to provide transaction support, general policy and advisory assistance, public awareness and support building, and monitoring and reporting on public enterprises and privatization. The progress toward these efforts will be discussed in the next quarterly report.



## ANNEX A

### Progress Toward Benchmarks

Based on our understanding of the Task Order amendment, the following benchmark replaced the nine benchmarks in the original task order.

**Benchmark:** Successful tendering, offer, or ESA sale of Law 203 and joint venture firms.

**Measure:** PIP will provide all necessary assistance to the GOE to lead to the successful privatization of the 29 target firms, as measured by the number of companies officially offered or tendered by the GOE, the number of investors who conduct due diligence, the number of bids received for each company, and successful divestitures to Employee Share Associations.

**Progress:** PIP continued to work with the PEO and the MOFT to progress privatization of the remaining firms on the AID approved list. Eleven of the firms had by the end of the second quarter been privatized, leaving twenty-one firms on the then-approved list. Of these twenty-one, it was clear by the end of the second quarter that for individual reasons fifteen assets for which PIP had provided assistance would not be privatized in the near term. None of the remaining six assets that PIP was responsible for directly supporting were closed during the last quarter of the Task Order, although one (Shepherd Hotel) was offered. Due to uncertainties relating to a PIP extension and any revised scope in the event PIP would be extended, it was not feasible to add new names to the approved list.

The following tables summarize progress for the target companies in the benchmark measures: investor interest, companies officially offered or tendered by the GOE, investors who conduct due diligence, offers received for each company, successful divestitures to Employee Share Associations, and completed privatizations. The first table represents progress toward companies assigned for the period December 1, 2001 to September 30, 2002 and the second table for the period August 1, 2000 to November 30, 2001. Note that the number of target firms in the task order for the former period increased from 29 to 32, which represents replenishments for early privatizations.

## SOW Changes during the Task Order 821

The following figures provide a comparison of the changes that occurred with the Statement of Work and Benchmarks during the modifications within the cycle of task order 821.

**Table 1 – Comparison of SOW Changes**

The underlined changes in the SOW reduced PIP's support from overall privatization (pipeline) process management with Tier I, II, III and JV and insurance companies, training, public awareness and relations to focus on managing transactions and the preparation of the sale. The following table provides details of the tasks during the period Dec-2001 to Sep-2002 and the period Aug-2000 to Nov-2001.

Period December 2001 to September 2002	Period August 2000 to November 2001
<b>TASK 1: GENERAL ADVISORY SERVICES TO THE GOE</b> <ul style="list-style-type: none"> <li>Provide advisory services to the MPE, PEO, MOEFT, HC, and other owners of public enterprises</li> </ul>	<b>TASK 1: OVERALL PROCESS MANAGEMENT</b> <ul style="list-style-type: none"> <li>Help the MPE/PEO and HCs to systematically move their inventory of companies and assets towards successful sale. Tasks are focused at the firm level and assist with: maintaining and using a database as an effective decision support system; defining privatization methods, modeling of privatization strategies; selling process; translating Uniform Egyptian System of accounting to International Accounting Standard; and developing of offering materials for tenders.</li> </ul>
<b>Task 2: Preparation of Sale</b> <ul style="list-style-type: none"> <li>Prepare valuation reports</li> <li>Assistance in selection of a sales method</li> <li>Assistance in selection of investment promoters</li> <li>Conduct sellers due diligence</li> <li>Prepare of bid documents</li> <li>Identify and target potential investors</li> <li>Prepare bid terms, advertisements, and data rooms</li> </ul>	<b>TASK 2: TIER I COMPANIES</b> <ul style="list-style-type: none"> <li>Effective use of 40 long-listed investment banks and promoters as sales agents by HCs to: select appropriate promoters/sales agents; establish contract terms for the promoters/ sales agents; review the marketing plan and investor information; track progress of the promoters/sales agent in finding suitable investors; and review bids, in negotiating with bidders and with sales contract documentation.</li> </ul>

Period December 2001 to September 2002	Period August 2000 to November 2001
<b>TASK 3: SUPPORT FOR TRANSACTION CLOSURE</b> <ul style="list-style-type: none"> <li>▪ Establish bid evaluation criteria</li> <li>▪ Support to the GOE in bid evaluation, negotiation, and title transfer</li> </ul>	<b>TASK 3: TIER II COMPANIES</b> <ul style="list-style-type: none"> <li>▪ Help develop and implement cost-effective sales approaches for unattractive companies to: select privatization method for selling Tier II companies; design, test, and report on new privatization methods for cost effective sales; train PEO and HC for implementation of new methods; and market Tier II companies.</li> </ul>
	<b>TASK 4: TIER III COMPANIES</b> <ul style="list-style-type: none"> <li>▪ For companies designated by MPE as, but politically sensitive and thus warranting turnaround, the IS contractor shall focus on Help structure and facilitate the use of turnaround experts and companies for highly troubled companies to: identify of companies; search for qualified turnaround experts/companies; determine contract terms and negotiate contract for those experts; and track and report on performance of turnaround experts/company.</li> <li>▪ MPE anticipates establishing a Special Fund with its own resources to be used for paying management fees and incentives for the turnaround service providers.</li> </ul>
	<b>Task 5: MOEFT and JV &amp; Insurance Companies</b> <ul style="list-style-type: none"> <li>▪ Coordinate with the Barents/Reforming the Insurance Market activity may be required with special issues related to valuation of JVs, insurance companies, and utilities assets and complex debt or investment structures.</li> <li>▪ In addition, the contractor will need to consider that JV stakes are often small when advising the GOE on the most cost-effective sales methods.</li> </ul>
	<b>TASK 6: SUPPORT FOR PRIVATIZATION IN OTHER MINISTRIES</b> <ul style="list-style-type: none"> <li>▪ To the extent possible, the IS Contractor, through the MPE/PEO and MOEFT, shall Look for opportunities, in coordination with the PCSU, to transfer privatization processes, methods and know-how developed through the task order to other Ministries engaged in privatization.</li> </ul>
	<b>TASK 7: PUBLIC AWARENESS AND PUBLIC RELATIONS</b> <ul style="list-style-type: none"> <li>▪ Develop a public awareness and public relations plan for the PEO and MOEFT.</li> <li>▪ Prepare an action plan to improve public relations efforts.</li> <li>▪ Improve press contacts and press relations.</li> <li>▪ Support PEO in website development and use.</li> </ul>

**Table 2 – Comparison of Benchmark Changes**

As with the narrowly focused SOW, the benchmarks were realigned to measure only the progress with transactions. The following table details the benchmarks during the two periods.

<b>Period December 2001 to September 2002</b>	<b>Period August 2000 to November 2001</b>
<b>Benchmark 1:</b> Successful tendering, offer, or ESA sale of Law 203 and joint venture firms. <b>Measure:</b> PwC will provide all necessary assistance to the GOE to lead to the successful privatization of the 29 target firms, as measured by the number of companies officially offered or tendered by the GOE, the number of investors who conduct due diligence, the number of bids received for each company, and successful divestitures to Employee Share Associations (ESAs).	<b>Benchmark 1:</b> Successful sales of GOE interest in Law 203 companies. <b>Measure:</b> Offer for sale at least 90 firms in 2000, 62 firms in 2001, and 44 firms in 2002.
	<b>Benchmark 2:</b> Successful development and utilization of methods for cost-effective sales of less attractive companies. <b>Measure:</b> Screening guidelines established for all Tiers by the first Quarterly Report. Screening report listing each company to be provided at least once each quarter.
	<b>Benchmark 3:</b> Brokering of turnaround service contracts for Tier III companies. <b>Measure:</b> “Quick Response Diagnostic” completed in 100% of Tier III companies. Turnaround services to be provided to at least 5 Tier III companies in 2000 and 10 Tier III companies in 2001.
	<b>Benchmark 4:</b> Institutional capability among the GOE, HCs, and the Investment Promoters to support continued privatization transactions, turnarounds and liquidations should be developed. <b>Measure:</b> Conduct an annual survey to gauge basic knowledge of key privatization program issues by GOE and HC staff at various levels, e.g., at workshops and seminars.
	<b>Benchmark 5:</b> Successful sale of residual shares and non-corporatized assets. <b>Measure:</b> Assess the status of residual shares and non-corporatized assets and the prospects for their sale. Based on that assessment, identify by the first Quarterly Report the companies in which residual shares will be offered. The residual shares in these companies will be offered for sale in the first 24 months of the project.
	<b>Benchmark 6:</b> Conversion rate targets met. <b>Measure:</b> Provide continuous and active participation as needed to complete privatization transactions. Assist the GOE to sell 100% of Tier I firms and at least 50% of Tier II firms over the life of the project, and identify in their annual

	workplans more specific targets which promote this benchmark.
	<p><b>Benchmark 7:</b> Increased investor interest in privatization offers.</p> <p><b>Measure:</b> Assist the GOE to attract greater interest from buyers each year as measured by requests for bid documents, e.g., the number of overall requests each year should increase; the number of requests per equivalent transaction should increase; and the number of requests from foreign investors should increase. Greater interest evidenced by inquiries, company visits, and event attendance should also be documented. Increased investor interest will also be measured by the number of bidders in each privatization event and the number of bids placed for each transaction.</p>
	<p><b>Benchmark 8:</b> Successful divestiture of public shares in JV and Investment companies.</p> <p><b>Measure:</b> Assist the GOE to divest its shares in at least 50 JV companies in 2000; at least 75 companies in 2001; and at least 75 companies in 2002. Assist the GOE to divest its shares in at least one insurance company.</p>
	<p><b>Benchmark 9:</b> Value of privatization transactions.</p> <p><b>Measure:</b> Assist the GOE to receive privatization sales prices close to the official GOE floor valuation. The price received should be at least: equivalent to the floor valuation for Tier I companies; equivalent to 50% of the floor valuation for Tier II companies; and equivalent to 33% of the floor valuation for Tier III companies.</p>